



RECEIVED

APR 26 5 02 PM '99

OFFICE OF THE CHAIRMAN

PPP

RECEIVED

MAY 18 1999

Federal Communications Commission
Office of Secretary

Mr. William Kennard
Office of the Secretary of the FCC
445 12th St. SW, Room TW-A325
Washington, DC 20554

April 15, 1999

ATT: Ex parte filing in CC Docket #98-141

Dear Mr. Kennard:

The Appalachian Center for Economic Networks is a non-profit economic development organization located in the city of Athens. We work throughout southeastern Ohio and also collaborate with other Appalachian groups in West Virginia, Kentucky, and Virginia. We have a nationwide reputation for leadership in designing ways that advanced telecommunications applications including the Internet can be used to amplify and support economic development efforts. We have been working in this arena since the early 1990s.

As you know, the topography and economy in the twenty-nine Appalachian counties of Ohio are more like nearby West Virginia and Kentucky than the rest of the state. Coal mining and other extractive industries, now long departed from the region, have ravaged our beautiful hills and waterways. Athens County has the highest poverty rate in the state, at 30% of the population, in spite of the fact that our current unemployment rate ranges between 4 and 5%. Our large proportion of working poor is due to the large number of low wage workers in the county, with the service industry being the fastest growing sector. County welfare rolls have dropped dramatically in the last several years, but 75% of those leaving the rolls took jobs that pay \$6.00 per hour or less. Every year we lose our greatest resource as over 70% of our young people leave the region to find employment following high school.

What we are seeing develop in southeastern Ohio is an example of what has recently been termed the digital divide. Like basic telephone services in the past, access to

No. of Copies rec'd
List ABCDE

042

personal computers and the Internet is now becoming the defining line between technology "haves" and "have-nots."

GTE is one of four different phone companies (Ameritech, GTE North, Alltel Ohio, and United) in the region. GTE has the largest area of coverage. Numerous analog lines can be found throughout Athens County. Many households are still without phones at all. In most of the high schools, 286 and 386 computers or Mac Classics are the norm, and many classrooms do not have computers at all, much less access to the educational opportunities available on the Internet. Southeastern Ohio has already clearly fallen behind in terms of access to advanced or broadband access. I have a somewhat cynical but astute friend who often says that "underserved populations are untapped markets." To date GTE and the other telcos in our region have been unable to see or to do anything about this obvious opportunity.

A: There are several areas of concern regarding telephone service that are of particular importance to low-income people in our region. Telephones for some low-income citizens transitioning from public assistance become a luxury. Once welfare recipients go to work as they are mandated, they lose their medical cards. They are put in the position of choosing between paying a monthly telephone bill and being able to purchase essential medicines. A computer and an Internet connection are clearly out of the question for these families, although every study indicates that having such connectivity at home improves children's performance in school, and eventual employability.

I attend many meetings on both coasts and some in other countries overseas. I am frequently struck by the assumption that access to the Internet is universal, since it is available most places for under \$20 per month. What the folks in Washington DC and Palo Alto do not understand about where I live, is that that \$20 is a barrier in an area like ours, where many families don't have enough income to afford nutritious meals for their families, or childcare so that parents can work as they are mandated by welfare reform.

The impact of low-income citizens being denied the advantages represented by modern telecommunications is significant. It affects citizens' ability to get and keep jobs, to participate in their children's education, and most profoundly, to allow our young people to gain the skills they will need to be competitive in the current economy.

It is my understanding that many of the phone lines currently being used throughout the county will not accommodate modems faster than 28.8, which is certain to impede the development of local businesses, or the ability to recruit new businesses that require broad band capacity. The good thing about an information-based economy is that businesses in rural areas can compete with businesses in urban or highly populated areas. However, they can't compete if they can only access and process information half as fast as those with whom they are competing. I frequently get phone calls from local business owners asking me if it is worth the investment in faster modems, and I reluctantly have to tell them that no it probably isn't given the present state of the infrastructure.

Complete access to the most modern digital systems and reasonable long-distance service are essential to the economic well being of our community. In terms of offering up-to-date services,

GTE has been delinquent in rolling out advanced digital services in the Athens area. Just four years ago a GTE community affairs representative visited my office and didn't know what ISDN was. Now GTE has the capability to offer ISDN, but the company is not marketing the service. On March 10 a professor in the Ohio University School of Telecommunication, Dr. Trevor Roycroft, called to find out if ISDN was available, and was informed that he probably wouldn't be interested. The fact that it is available and not being marketed is troubling.

We need more competition in our region among providers of telecommunications services, not less, in order to make such services affordable for low-income community members. We are also concerned that as our primary provider becomes larger, it becomes less accessible and less in touch with the unmet needs of this region and the opportunity these unmet needs represents. As it becomes more centralized and more geographically distant, it seems reasonable to expect less dedication to serving customers in our region. Our quality of service will become diluted due to increased amount of business, larger geographic service delivery area, and the distance between company headquarters and customers in Ohio. GTE has historically been very slow to modernize infrastructure in rural areas. The infrastructure is currently inadequate. In addition, broad band services are either not marketed or prohibitive in cost. Will it be in the interest of the merged company to do anything about these problems? We fear not.

There are a number of initiatives that need to be taken to assure that the potential benefits of the merger between GTE and Bell Atlantic will be shared among all the residents of Ohio, particularly those with the fewest resources. First, reporting and compliance monitoring systems need to be developed to assure that universal service objectives are achieved and that there is no systematic exclusion of customers based on geographic or socio-economic criteria.

Second, an entity needs to be created as a condition of this merger that would be responsible for designing and implementing technology access and training initiatives that will be created to mitigate the digital divide within the service delivery area. These community technology initiatives must be made available in disadvantaged areas so that adequate training and access to telecom services is provided to all education and income levels throughout the service delivery area. Such a "Techquity Fund" could support community technology centers, community networking initiatives, and educational programs that would ensure that no one is left behind.

Sincerely,



Amy Borgstrom
Executive Director

Cc: Robert Atkinson, Deputy Chief, Common Carrier Bureau
Thomas Krattenmaker, Director of Research, Office of Plans and Policy
Bill Dever, Room 5-C207